



1065 e-file Program

U.S. RETURN OF PARTNERSHIP INCOME TAX YEAR 2000 (TY2000)

FREQUENTLY ASKED QUESTIONS (FAQs)

Q. Can I file my TY2000 Form 1065 using the filing methods that were available for TY98, including the Paper-Parent Option?

Methods of Filing for TY98

- Electronically via telephone lines to a receiving device at the ANSC (MITRON)
- ½-inch magnetic tape sent to the ANSC
- 3 ½ or 5 ¼-inch floppy diskette sent to the ANSC
- Bulletin Board System using a modem and telephone lines

A. No. For TY2000 the method for filing partnership returns is limited to electronic filing. All electronically filed partnership returns must consist of Form 1065, Schedules K-1, and related forms and schedules. (Refer to Publication 1525 or the 1065 FACT SHEET for the list of accepted forms and schedules.)

Q. What are the benefits of filing Form 1065 electronically?

A. The benefits include:

- Reduced costs
- Less paper handling
- Improved accuracy and product quality (fewer errors, therefore less correspondence with IRS)
- Electronic acknowledgment of return

Q. When and where will IRS begin to accept and process TY2000 partnership returns electronically?

A. Effective February 26, 2001, IRS began to accept and process TY2000 partnership returns filed electronically at the Memphis Submission Processing Center (MSPC).

Q. Is there a fee to file Form 1065 electronically?

- A.** IRS does not charge a fee. However, a transmitter offering this service to partnerships may charge a fee for the electronic transmission of the return to the IRS.

Q. Are there regulations that require partnerships to file their return electronically?

- A.** Yes. Section 1224 of the Taxpayer Relief Act of 1997 requires partnerships with more than 100 partners to file their return on magnetic media. Regulations have been finalized and apply to partnership returns for taxable years ending on or after December 31, 2000. A copy of the Regulations can be found at http://www.irs.ustreas.gov/elec_svs/1065.html#Leg

Q. Can I file my partnership return electronically if I am not required to do so by the mandate?

- A.** Yes. You may choose to voluntarily file your partnership return electronically.

Q. How can I participate?

- A.** You must submit Form 9041, Application for Electronic/Magnetic Media Filing of Business Returns, and successfully complete Business Acceptance Testing System (BATS) with the Memphis Submission Processing Center (MSPC).

Q. Who must submit Form 9041?

- A.** All first time transmitters and/or software developers need to submit Form 9041 in order to transmit returns to the IRS. Preparers are only required to submit Form 9041 if they are going to transmit returns to the IRS.

Q. Are partnerships required to file Form 9041?

- A.** Normally, partnerships are not required to submit Form 9041 to participate in the electronic filing program. However, if the partnership plans to develop software or transmit returns, then the partnership must submit Form 9041.

Q. Will I need to submit a new Form 9041 each year?

- A.** No. A new Form 9041 will need to be submitted by transmitters/software developers only if there are changes to the information previously submitted.

Q. When should I mail Form 9041?

- A.** To ensure timely receipt and review of Form 9041, it should be mailed at least 60 calendar days before the entity transmits live returns electronically.

Q. Where do I mail Form 9041?

- A.** Internal Revenue Service
Austin Submission Processing Center
ATTN: EFU, Stop 6380
P.O. Box 1231
Austin, TX 78767

Q. Will the 1065 e-file Program offer multiple Electronic Taxpayer Identification Numbers (ETINs)?

- A.** For Tax Year 2000, there is no provision for multiple ETIN's under one EIN. However, we are exploring that possibility for Tax Year 2001.

Q. What is the Business Acceptance Testing System (BATS)?

- A.** BATS will test hypothetical scenarios (see Publication 3225) that measure the electronic transmission capability of potential software developers, transmitters, and preparers of Form 1065 Partnership Returns.

Q. Who must participate in BATS?

- A.** Software developers and transmitters of partnership returns must test and be accepted prior to transmitting live returns. Also, if you are a partnership who will be transmitting your own return, you must participate in BATS.

Q. If you use IRS approved software, will you be required to test scenarios through BATS?

- A.** No. However, if you plan to transmit returns to the IRS, you will be required to provide a transmission test to make sure you can communicate with the system (See Publication 3225).

Q. Is there any paperwork to mail?

- A. Yes. You must mail Form 8453-P, U.S. Partnership Declaration and Signature for Electronic Filing

Q. What is the purpose of Form 8453-P?

- A. Form 8453-P is the signature document for the Form 1065 return filed electronically. It authenticates the return. The return is not considered complete until the Form 8453-P signature document is received by the IRS. In addition, the Form 8453-P serves as a transmittal document for any associated paper documents, related forms and schedules that are not accepted electronically and related forms and schedules that require signatures different than the signature on the partnership return.

Q. Who is responsible for signing Form 8453-P?

- A. The Electronic Return Originator (ERO) and the Paid Preparer are responsible for signing the form. If the ERO and the Paid Preparer are the same, that person or entity should sign in the area designated for the ERO only. If they are not the same person or entity, they should sign in the appropriate area on the form.

Q. When should the Form 8453-P be mailed to the IRS?

- A. The Form 8453-P must be mailed to the IRS within three (3) days after the Authorized IRS e-filer receives the acknowledgement file indicating acceptance of the return.

Q. Where do I mail Form 8453-P?

- A. Internal Revenue Service
Memphis Submission Processing Center
P.O. Box 30309 AMF Stop 2711
Memphis, TN 38130

Q. Are short period and final returns required to be filed electronically?

- A. Short period/final returns are excluded from the electronic filing mandate for Tax Year 2000.

Q. Are there other types of partnership returns that are excluded from the electronic filing mandate?

A. Yes. The Form 1065-B Return, partnership with a foreign address on their Form 1065, certain Fiscal Year Returns and returns filed under Sections 6020(b), 501(d)(3), or 761(a) of the Internal Revenue Code are excluded from the mandatory filing requirement for Tax Year 2000. See Publication 1524, Page 14, Exclusions, for detailed information.

Q. If the math computations on the Schedules K-1 for Publicly Traded Partnerships do not equal the total on Schedule K, will this create a problem after returns are electronically accepted?

A. This will not create a problem after returns are electronically accepted.

Q. Is a partnership return considered timely filed if it is sent to a transmitter by a Preparer on the return due date?

A. For the purposes of timely filed returns and where related penalties are concerned, a return is considered timely filed when the IRS receives the transmitted return from the transmitter on or before the due date of the return.

Q. Publication 1524 indicates that transmitters will receive two types of acknowledgement files, one for the transmission of the return and the other for validation of the return. Which of the two files should be used to determine that a return has been received by the IRS?

A. The Transmission Acknowledgement acknowledges receipt of the return. If there is a problem with the IRS receiving the transmission, no returns are processed and the Transmission Acknowledgement File indicating the transmission error(s) is sent to the transmitter. If there are no transmission problems, the return is processed and the Validation Acknowledgement File is sent to the transmitter indicating which return(s) is accepted, rejected or duplicated.

Q. Hardships Waivers; what are the standards?

A. The general standards are reflected in the Waiver Announcement Notice, which is posted on the IRS Web site at http://www.irs.gov/elec_svs/1065-waivr.html. The announcement was also published in the IR Bulletin dated December 26, 2000. It can be found at <http://ftp.fedworld.gov/pub/irs-irbs/irb00-52.pdf>

Q. Concerning the Waiver, are there safe harbors if no software is available?

A. The IRS has no plans to issue safe harbor provisions for the 1065 *e-file* waiver process.

Q. My software provider has not included some forms and schedules that the IRS has indicated can be filed electronically. If such forms and schedules are not available through other vendors, will a waiver be granted?

A. Waivers are approved or denied based on a partnerships facts and circumstances. The partnership may request a waiver using the procedures set forth in the Waiver Announcement Notice. Access the IRS Web site referenced above.

Q. Is conversion software available to combine Schedule K-1 and Form 1065 data? What is the cost?

A. Our understanding is that there may be some software packages available from vendors. The cost is determined by the vendors and will likely vary. You should check the IRS *e-file* for Business Providers page for participating vendors at http://www.irs.gov/elec_svs/abp.html

Q. I have a large partnership return to transmit. Are there procedures or guidelines to follow for transmitting large returns?

A. Yes. We encourage you to compress your file before transmitting the return to the IRS. Refer to Publication 1524 under "Filing Requirements" to see examples of file sizes and estimated transmission times.

Q. Does the IRS allow an Electronic Postmark on 1065 returns?

A. The Electronic Postmark is not available for Tax Year 2000. We plan to allow an Electronic Postmark for Tax Year 2001 for transmitting partnership returns.

Q. Does the IRS offer Internet filing of Form 1065, U.S. Return of Partnership Income?

A. No. The IRS does not offer Internet filing for partnership returns.

Q. Is the Fed/State Electronic Filing Program available for partnership returns?

A. No. The IRS does not offer the Fed/State Electronic Filing Program for partnership returns.

Q. If a business filed Form 1065 electronically can the business also make electronic payments?

A. Yes. Electronic payments can be made through the Electronic Federal Tax Payment System (EFTPS) (a completely separate system). EFTPS is available for individuals and businesses to make tax payments electronically. All individuals and/or businesses interested in the program must enroll prior to participation. For Further information on EFTPS, access the IRS's Web site at www.irs.gov or call EFTPS Customer Service at 1-800-945-8400 or 1-800-555-4477.

ADDITIONAL INFORMATION

For more information concerning the 1065 *e-file* Program refer to:

- **Publication 1524** - *Procedures and Specifications for the 1065 e-file Program, U.S. Return of Partnership Income*
- **Publication 1525** - *Validation Criteria and Record Layouts for the 1065 e-file Program, U.S. Return of Partnership Income*
- **Publication 3225** - *Test Package for Electronic Filers of U.S. Return of Partnership Income*
- **Publication 3416** – 1065 *e-file* Program, U.S Return of Partnership Income (*Publication 1525 Supplement*)

These publications can be found on the IRS Web site at www.irs.gov or you may dial 1-800-TAX-FORMS (1-800-829-3676).

CONTACT: (Form 9041 related questions only)

Internal Revenue Service
Austin Submission Processing Center
Attn: EFU, Stop 6380
P.O. Box 1231
Austin, TX 78767
(512) 460-8900

CONTACT: (Procedures and Processing questions only)

Internal Revenue Service
Memphis Submission Processing Center
P.O. Box 30309 AMF, Stop 2711
Memphis, TN 38130
(901) 546-2690

If you have additional questions about the 1065 *e-file* Program or would like information on other IRS *e-file* for Business filing options visit the Electronic Services section of the IRS Web site at http://www.irs.gov/elec_svs/index.html